

WHEREAS, Red Top has entered into an agreement to sell the IDLP Property to Ivanhoe Development Limited Partnership, an Illinois registered limited partnership ("IDLP"); and

WHEREAS, Thorngate has begun to and intends to continue to develop the Golf Course Property as a country club facility, initially consisting of an 18-hole golf course, club house and other recreational facilities and amenities (the "Country Club Facility"); and

WHEREAS, Red Top has begun to and Brook-Ridge and IDLP propose to continue to develop the IDLP Property as a residential community consisting of up to 90 residential dwelling units; and

WHEREAS, the Golf Course Property, the Sewer System Property and the IDLP Property have heretofore been zoned as a planned unit development. The Property and any "Additional Property" (as hereinafter defined) added to and included within said planned unit development from time to time are hereinafter referred to collectively as the "Ivanhoe Club P.U.D."; and

WHEREAS, Thorngate and/or other real property developers may hereafter acquire additional real property located in the vicinity of the Ivanhoe Club P.U.D. Said real property may be improved for residential, commercial or public use and Thorngate and/or such other developers may seek inclusion of such real property in the Ivanhoe Club P.U.D. Said additional real property, if, when and to the extent that it complied with the requirements set forth in this Declaration shall hereinafter be referred to collectively as the "Additional Property"; and

WHEREAS, the IDLP Property is subject to that certain Declaration of Covenants, Conditions and Restrictions for Ivanhoe Club P.U.D. Said Declaration and such other declarations applicable to Additional Property and otherwise complying with the requirements of this Declaration hereinafter are referred to individually as a "Homeowners' Declaration" and collectively as the "Homeowners' Declarations". The Illinois not-for-profit corporations to be formed pursuant to the Homeowners' Declarations, including, without limitation, the Ivanhoe Club Property Owners Association, Inc., an Illinois not-for-profit corporation heretofore formed by Red Top, hereinafter referred to individually as a "Homeowners' Association" and collectively as the "Homeowners' Associations"; and

WHEREAS, Thorngate, for the sole benefit and use of the Ivanhoe Club P.U.D., has constructed on the Sewer System Property a waste water treatment system consisting of purification lagoons, storage stations, chlorination facilities, groundwater monitoring wells, force mains, comminutors, lifts, pumping

equipment, aeration equipment, distribution and collection lines and such other equipment as may be necessary to provide sewer service to the lots and parcels improved or to be improved with residences, club house and other structures located within the Ivanhoe Club P.U.D. (the "Improved Lots"). Said waste water treatment system (together with all components constituting a part of said system hereafter added thereto for the purposes of providing waste water treatment, collection and distribution service to Additional Property, and all replacements thereof, including any of the foregoing in or under Illinois Route 176, the "Sewer System") was constructed in accordance with plans and specifications entitled "Ivanhoe Golf Club Waste Water Management System" dated July 1987 and revised September 21, 1987 and those entitled "Ivanhoe Golf Club Multi Media Pressure Filters" dated October 1989 and revised June 1990, all prepared by the engineering firm of Scheaffer & Roland, Inc. (the "Sewer System Plans") and approved by the Illinois Environmental Protection Agency ("IEPA") under Permit No. 1987-GA-3334, issued October 15, 1987, and Permit No. 1990-GB-0817, issued July 30, 1990 (collectively, the "Sewer System Permits"); and

WHEREAS, IDLP and Brook-Ridge, for the sole benefit and use of the Ivanhoe Club P.U.D., have agreed to construct a water supply system consisting of wells, reservoirs, distribution lines and such other equipment as may be necessary to provide potable water service to the Improved Lots generally in accordance with plans and specifications prepared by the engineering firm of Donald Manhard Associates, Inc. consisting of sheets 1 through 13, dated October 5, 1989, revised July 10, 1990, and entitled "Proposed Pumping Station Reservoir for Ivanhoe Country Club, Lake County, Illinois" (the "Water System Plans"), which plans and specifications have been approved by IEPA (together with all components constituting a part of said system hereafter added thereto for the purposes of providing potable water to Additional Property and all replacements thereof, the "Water System"). The Illinois Environmental Protection Agency has issued that certain Public Water Supply Construction Permit, No. 0576-FY1990, issued January 9, 1990 (the "Water System Permit"); and

WHEREAS, Red Top has caused the formation of the Ivanhoe Club Mutual Water and Sewer System, Inc., as an Illinois not-for-profit corporation (the "Association"), whose member initially will be the Homeowners' Association for the IDLP Property and the Homeowners' Associations shall hereinafter be referred to individually as a "Member" and collectively as the "Members"; and

WHEREAS, the Association shall ultimately own the distribution and collection lines and associated piping and equipment utilized in the Water System and Sewer System and located within the boundaries of the IDLP Property and any "Additional Property" (collectively, the "Residential Property"), and shall be responsible, on the terms and subject to the conditions contained in this Declaration, for the maintenance, repair and reconstruction, if necessary, of such distribution and collection lines, piping and equipment; and

WHEREAS, except as otherwise provided herein, Thorngate shall retain ownership of all other plant, machinery, piping and equipment utilized in the Water System and/or Sewer System and located on the Golf Course Property and/or the Sewer System Property, outside the boundaries of the Residential Property and shall be responsible for the general management, maintenance, repair, operation and, if necessary, reconstruction of said portions of the Water System and Sewer System; and

WHEREAS, Thorngate has agreed to make the services of the Water System and Sewer System available to the Association at an amount equal to 100% of the rate or rates charged for similar water and sewer services by the Village of Mundelein (the "Village") to residential dwellings located within the legal boundaries of the Village (as adjusted from time to time, the "Village Rate"). Thorngate and the Trustee acknowledge and agree, for themselves and on behalf of their heirs, executors, successors and assigns, that the obligation to provide water and sanitary services at 100% of the Village's rates thereto constitutes a personal contractual undertaking of Thorngate and the Trustee as well as a covenant touching and concerning, running with and burdening the Golf Course Property and the Sewer System Property, which shall remain in full force and effect and be binding upon Thorngate and the Trustee and each and every owner of any portion of the Golf Course Property and/or the Sewer System Property in, on, over, beneath or upon which all or any portion of the Water System and/or the Sewer System is situated, regardless of whether or not the Water System and/or the Sewer System and the ownership and operation thereof constitutes a public or private utility under applicable laws of the State of Illinois and whether or not the Water System and/or the Sewer System and the ownership and operation thereof qualifies for any exemption from any of the laws of the State of Illinois applicable to the operation of public and/or private utilities; and

WHEREAS, Thorngate shall require the payment of a one-time only hook up/access fee in the sum of not less than Twelve Thousand (\$12,000.00) Dollars as payment for the right of access to the Water System and Sewer System (the "Access Fee"). The

payment of the Access Fee for the IDLP Property is more particularly described in that certain Amended and Restated Memorandum of Contract, dated of even date herewith, by and among the parties hereto and IDLP (the "Memorandum"), which shall be recorded in the Office of the Recorder of Deeds of Lake County, Illinois (the "Recorder's Office"); and

WHEREAS, the Association shall, in turn, make the services of the Water System and Sewer System available to the members of the Homeowners' Associations who have paid the Access Fee (individually, a "User" and, collectively, the "Users") at the rate charged to the Association for such services by Thorngate, plus an additional amount not to exceed fifteen percent (15%) of the applicable Village Rate, which additional amount shall, as the terms and subject to the conditions set forth in this Declaration, be used in establishing and maintaining a reserve to cover the cost of maintaining, repairing and rebuilding, if necessary, the distribution and collection lines of the Water System and the Sewer System located within the Residential Community.

NOW, THEREFORE, Trustee, Thorngate, Red Top and Brook-Ridge hereby declare and covenant as follows:

1. Construction of Water System and Sewer System. Subject to the terms and conditions of the Memorandum:

(a) Brook-Ridge and IDLP have agreed, pursuant to the Memorandum, to construct the Water System pursuant to the Water System Plans. Thorngate has been advised that the Water System, as so designed, is adequate to provide an adequate supply of potable water for use to all occupants of Improved Lots within the IDLP Property in accordance with the requirements of the Water System Permit and all other applicable legal requirements and Insurance Service Organization Standards. Thorngate covenants and agrees that it shall not, under any circumstance, consent to the annexation of real property, as Additional Property, to this Declaration unless the Water System has sufficient capacity to provide to the then existing Users and the prospective occupants of all such real property a supply of potable water for their use in accordance with the Water System Permit and all applicable legal requirements and Insurance Service Organization Standards in effect at the time of such annexation.

(b) Thorngate represents and warrants that it has caused the Sewer System to be constructed in accordance with the Sewer System Plans and Sewer System Permit. Thorngate represents and warrants that the Sewer System, as constructed, is adequate to service at least ninety (90) Improved Lots within the IDLP

Property in accordance with the terms and provisions of the Sewer System Permits and covenants and agrees that it shall not, under any circumstances, consent to the annexation of real property, as Additional Property to this Declaration unless the Sewer System has sufficient capacity to provide to the then existing Users and the prospective occupants of all such real property waste water treatment, collection and distribution services in accordance with the Sewer System Permits and all applicable legal requirements in effect at the time of such annexation.

(c) The parties do not intend that Lake County, Illinois shall be responsible for the construction, operation and maintenance of the Water System and/or the Sewer System.

2. Title to the Water System and Sewer System.

(a) Without cost to the Association and within sixty (60) days after the Water System is completed and its operation is approved by the governmental authorities having jurisdiction over the operation of the Water System, (i) Brook-Ridge and/or IDLP shall convey to the Association, by quitclaim bill of sale or other appropriate instrument or instruments, all of its right, title and interest, if any, in and to those portions of the Water System located within the boundaries of the IDLP Property and the Association shall be entitled to all the rights and obligations appurtenant to ownership thereof, and (ii) IDLP and/or the Homeowners' Association for the IDLP Property shall grant to the Association, if not previously granted, by appropriate instrument or instruments, such easements as may be required for the Association's maintenance, repair and reconstruction, if necessary, of those portions of the Water System located within the boundaries of the IDLP Property.

(b) Without cost to the Association and within sixty (60) days after the Sewer System is completed and its operation is approved by the governmental authorities having jurisdiction over the operation of the Sewer System, (i) each of IDLP, Thorngate and the Trustee shall convey to the Association, by quitclaim bill of sale or other appropriate instrument or instruments, all of its right, title and interest, if any, in and to those portions of the Sewer System located within the boundaries of the IDLP Property and the Association shall be entitled to all the rights and obligations appurtenant to ownership thereof, and (ii) IDLP and/or the Homeowners' Association for the IDLP Property shall grant to the Association, if not previously granted, by appropriate instrument or instruments, such easements as may be required for the Association's maintenance, repair and reconstruction, if necessary, of those portions of the Sewer System located within the boundaries of the IDLP Property.

(c) Except as provided in Paragraph 12, all plant, personal property and equipment comprising either the Water System or the Sewer System and located within the boundaries of the Golf Course Property or the Sewer System Property shall be conveyed by

quitclaim bill of sale or other appropriate instrument or instruments and shall remain the property of Thorngate or the Trustee, and Thorngate or the Trustee, as the case may be, shall be entitled to all the rights and obligations appurtenant to said ownership, including the right to collect the Access Fee.

(d) Upon the completion of any additions to the Water System or Sewer System, in accordance with the terms and provisions of this Declaration, the developer and/or owner of the Additional Property for which said additions were constructed shall comply with all requirements of subsections (a), (b) and (c) of this Section 2 as if said Additional Property were the IDLP Property and said developer and/or owner were Brook-Ridge and/or IDLP.

3. Operation of Utility System by Thorngate.

(a) Thorngate covenants and agrees that it shall operate, manage, maintain, repair and, if necessary, reconstruct, the Water System and the Sewer System in first class working order and operating condition and in strict accordance with all (i) applicable governmental and contractual requirements as may be in effect from time to time, including, without limitation, retaining an operator of the Sewer System and Water System conforming to all applicable legal requirements in effect from time to time regarding exempt public or private utilities, (ii) the Water System Permit and the Sewer System Permits and (iii) such other operating and other permits as may be in effect from time to time.

(b) Without limiting the generality of the foregoing, Thorngate and the Trustee shall maintain in full force and effect, such insurance as it deems appropriate. In respect of such insurance:

(i) the Association shall have the right to participate in and consent to the adjustment of any claim under any insurance policy for loss or for damage to all or any portion of the Water System and/or Sewer System and to consent, after reasonable opportunity to investigate and consider, to all matters with respect to the repair or reconstruction of the Water System and/or Sewer System. Any proceeds of such insurance on account of damage or destruction of the Water System and/or Sewer System shall be held by Thorngate in a segregated account and applied to repair or reconstruction of said damage or destruction; and

(ii) if and to the extent that Thorngate and the Trustee do not fully adequately insure the Water System and/or the Sewer System, the Association may, but shall not be obliged to, do so, in its own name and in the name of the Members and Users and at its sole cost and expense.

(c) In the event that the Water System and/or Sewer System are damaged or otherwise inoperable or that any parcel or parcels of real property located within the boundaries of any portion of the Residential Property have been conveyed by the developer and/or owner thereof to a non-affiliated third party prior to the conveyance to the Association of title to those portions of the Water System and Sewer System located within the boundaries of said portion of the Residential Property, Thorngate and the Trustee covenant and agree that they shall furnish potable water and waste water disposal services to the occupants of any Improved Lots at a reasonable cost, but not less than their actual cost therefor, including all attorneys' fees and other costs and expenses incurred in attempting to procure and procuring said services.

4. [INTENTIONALLY OMITTED]

5. Additional Property. Real property may be subjected to this Declaration as Additional Property and, thereby, become entitled to the services and benefits of the Water System and the Sewer System, if, and only if, each and all of the following conditions precedent is satisfied:

(a) said real property is contiguous to Property; and

(b) said real property is added to the Ivanhoe Club P.U.D. pursuant to all applicable governmental requirements; and

(c) Thorngate consents to said addition in the manner prescribed below; and

(d) the developer and/or owner of said real property has subjected said real property to a declaration of covenants, conditions and restrictions conforming to the requirements prescribed below and that has been duly recorded in the Recorder's Office; and

(e) said developer and/or owner shall have caused to be formed a Homeowners' Association as contemplated by said declaration; and

(f) the Association and Thorngate shall have approved [which approval shall not be unreasonably withheld, delayed or conditioned and, if not denied within thirty (30) days after

submission of the "Plans" (as hereinafter defined) to the Association, shall be deemed to have been granted] plans and specifications for improvements to the Water System and the Sewer System sufficient to fully and adequately service said real property, including, without limitation, all improvements, collection and distribution lines to be located within the boundaries of said real estate, all improvements necessary to integrate said improvements into the remainder of the Water System and the Sewer System and a metering system that will accurately measure usage of the Water System by each Improved Lot, which plans and specifications shall (i) be prepared by an Illinois licensed engineer; and (ii) include a written certification of the preparer to Thorngate, the Association and each Member describing the improvements to said real property that are to be serviced by the improvements to the Water System and Sewer System, stating that the proposed improvements to the Water System and the Sewer System comply with all applicable legal requirements, stating that the Water System and Sewer System have sufficient unused excess capacity to accommodate the improvements to be so serviced and stating that the proposed improvements to the Water System and the Sewer System can be integrated with the then existing Water System and Sewer System without adversely affecting the use, operation, maintenance and management of the Water System and Sewer System, as then in existence (collectively, the "Plans"); and

(g) the Plans shall have been approved by the IEPA and all other governmental bodies with jurisdiction over the design, construction and operation of the Water System and Sewer System, and each such body shall have determined that said plans and specifications conform with all applicable legal requirements and that the proposed improvements to the Water System and the Sewer System can be integrated with the then existing Water System and Sewer System without adversely affecting the use, operation, maintenance and management of the Water System and Sewer System, as then in existence; and

(h) before commencing the construction of said improvements, said developer and/or owner, for themselves and on behalf of their contractors and subcontractors, shall have delivered to Thorngate and the Association evidence of "builder's risk" and comprehensive general public liability insurance in form and amounts and written by companies reasonably acceptable to Thorngate and the Association, which shall show Thorngate, the Trustee, the Association, the Members (from time to time) and the Users (from time to time) as additional insureds or loss payees; and

(i) said real property shall have been subdivided into building lots that can be served by the Water System and Sewer System without exceeding the capacity of either the Water System or Sewer System; and

(j) said developer and/or owner shall have completed said improvements to the Water System and Sewer System, at its sole cost and expense, in accordance with the Plans and all applicable legal requirements, the engineers that prepared the Plans shall have certified to Thorngate, the Association and each Member in writing that said improvements have been completed in accordance with the Plans and all permits, certificates, licenses and similar documents required for the construction and operation of said improvements and the Water System and the Sewer System, as so improved, shall have been issued in the name of said developer and/or owner, the Association and/or Thorngate, as appropriate; and

(k) said developer and/or owner shall have delivered to Thorngate and the Association a written undertaking to correct any deficiencies or construction defects in said improvements discovered by Thorngate, the Association, the IEPA or any other governmental body on or before the two (2) year anniversary of the effective date of the annexation of the Additional Property to this Declaration and an opinion of counsel that said undertaking constitutes the valid, legal, binding and enforceable obligation of said builder and/or developer, all of which shall be in form and substance reasonably acceptable to Thorngate and the Association; and

(l) such developer and/or owner shall have conveyed to the Association, by appropriate instruments with warranties of title, title to said improvements situated within said real property and granted to the Association such easements as may be necessary to operate, maintain, repair and reconstruct, if necessary, that portion of the Water System and Sewer System which serves said real property; and

(m) in the event the real property proposed to become Additional Property is to be developed by any party other than Thorngate, such developer and/or owner shall pay to Thorngate or its designee or assignee a recapture fee agreed to by Thorngate and the developer and/or owner.

Thorngate's consent that any such real property be subjected to this Declaration as Additional Property shall be evidenced by Thorngate's execution of a declaration of covenants, conditions and restrictions recorded against and sufficient to touch and concern, run with and benefit and burden said real property, which declaration (i) shall expressly refer to this Declaration by title, date of recordation and recording number, (ii) shall expressly state that, by its recordation, and subject to the satisfaction of the terms and provisions of this Section 5, it subjects and annexes all real property subject to it to the terms and provisions of this Declaration and constitutes this

Declaration as a covenant touching and concerning, running with and benefitting and burdening the real property subject to said declaration, and (iii) shall provide for the creation of a Homeowners' Association. The qualification of any such real property as Additional Property and the applicable Homeowners' Association as a Member and the annexation of said real property to this Declaration shall become effective simultaneously with the satisfaction of all of the conditions precedent set forth in this Section 5. Any and all other costs or expenses incurred by the Association and Thorngate in making the Water System and Sewer System available to any parcel of Additional Property shall be borne solely by the developer(s) and/or owner(s) of such Additional Property. Said declaration shall expressly preclude the further subdivision of the real property subject thereto that results in increasing the number of lots therein for so long as the Water System and the Sewer System serve all or any portion of said property without the prior written consent of the Association and Thorngate, which consent may be withheld by Thorngate at its sole and absolute discretion and by the Association if, and only if, in the reasonable opinion of the board of directors of the Association, said resubdivision would result in a demand on the Water System and/or the Sewer System that exceeds the available capacity of the Water System and the Sewer System. All costs of Thorngate and the Association associated with evaluating such a proposed resubdivision shall be borne by the party requesting approval with respect thereto.

Nothing contained in this Section 5 shall be deemed to limit the Plans from contemplating the integration of the collection and distribution lines and other improvements that are to become part of the Water System and/or Sewer System with collection and distribution lines and other improvements already constituting a part of the Water System and/or Sewer System, provided that doing so does not exceed the capacity of or otherwise adversely affect the existing level of service provided to the Users of said existing collection and distribution lines and other improvements constituting a part of the Water System and/or Sewer System.

Except as expressly provided in Section 6 below, nothing contained in this Declaration shall preclude hereto any party hereto or any person or entity now or hereafter owning any interest in any property subject to this Declaration from participating in any proceeding with respect to an amendment to the Ivanhoe Club P.U.D. or any related zoning or planning matter in any manner that he, she or it deems to be necessary, appropriate and/or in his, her or its best interests.

6. Membership and Voting Rights; Governance

(a) Membership.

(i) The initial Member of the Association shall be the Homeowners' Association.

(ii) Each additional Member of the Association shall be a qualifying Homeowners' Association meeting the requirements of Section 5 above, created pursuant to a declaration of covenants, conditions and restrictions applicable to qualifying Additional Property and to no other property. For the purposes of this Declaration, a "qualifying Homeowners' Association" will be a Homeowners' Association created pursuant to a declaration of covenants, conditions and restrictions subjecting all of the real property subject thereto to this Declaration in the manner prescribed in Section 5 above.

(iii) Any Homeowners' Association shall cease to be a Member simultaneously with the termination of its water supply contract and sewer collection and distribution contract with Thorngate as contemplated by Section 8 of this Declaration. Upon such termination, all right and interest of said Member and the Users subject to the jurisdiction of said Member in, to and under this Declaration and the Association shall immediately cease. Without limiting the generality of the foregoing, said Member and said Users shall have no further right or interest in and to any reserve or other funds held by the Association and all such funds allocable to any such Member and/or Users shall become general funds of the Association, available to defray common expenses of the Members or to reduce charges for reserves proportionately among the remaining Users.

(b) Voting Rights. The number of votes eligible to be cast at any meeting of the Members shall be equal to the aggregate number of Users, regardless of whether or not the User shall be entitled to vote under the Homeowners' Declaration to which its property is subject. Each Member shall have the right to cast votes equal to the number of Users within the real property over which it has jurisdiction pursuant to its Homeowners' Declaration. Each Member shall, in accordance with its Homeowners' Declaration and By-Laws, designate one or more persons to cast its votes at meetings of the Members and shall notify the Secretary of the Association in writing of said person or personal identity prior to the time any such meeting is convened.

(c) Directors.

(i) Number of Directors. The Association shall have one director for each twenty (20), or portion thereof, votes entitled to be cast by its Members; provided, however, that the directors of the Association shall be the directors of the Homeowner's Association for the IDLP Property until any Additional Property is annexed to this Declaration.

(ii) Election of Directors. The By-Laws of the Association shall provide that there shall be cumulative voting in the election of directors and that this provision may not be amended or modified without the unanimous vote of all votes eligible to cast by the Members. Anything else contained in this Declaration to the contrary notwithstanding, each Member shall be entitled to designate at least one (1) member of the board of directors. In order to implement this right, if at least one (1) representative of any Member is not elected to the board of directors, the person receiving the least number of votes necessary to result in his or her election to the board of directors shall not become a member of the board of directors and said Member may designate any person that it desires as a member of the board of directors in said person's stead.

(d) By-Laws. The initial board of directors shall adopt By-Laws setting forth in customary fashion the practices and procedures by which the Association shall be governed and otherwise providing for the management and operation of the business and affairs of the Association. The By-Laws shall provide, among other things, that they cannot be amended without the affirmative vote of two-thirds (2/3) of a voting quorum of the board of directors.

7. Powers, Rights and Obligations of Association.

(a) General. The duties and powers of the Association shall be those set forth in the provisions of the laws of Illinois relating to not-for-profit corporations, this Declaration, the By-Laws, and the Articles of Incorporation of the Association, together with every other right or privilege reasonably implied from the existence of any right or privilege given to it herein or therein or reasonably necessary to effectuate any such right or privilege or the purposes of the Association. Without limiting the generality of the foregoing, the Association shall be responsible for the exclusive management, maintenance, operation, repair and, if necessary, reconstruction of those portions of the Water System and the Sewer System located within the boundaries of the Residential Property, including, without limitation, maintaining them in working and operating condition, enforcing the

Association's rights against and performing its obligations to Thorngate, the Trustee, the Members and other third parties, establishing and collecting charges for use of the Water System and the Sewer System, evaluating and making recommendations to the Members regarding alternative sources of sewer and water services and borrowing money for common expenses of the Members. Except to the extent otherwise required by the provisions of the laws of the State of Illinois relating to not-for-profit corporations, this Declaration, the By-Laws, or the Articles of Incorporation of the Association, the rights and powers herein or otherwise granted to the Association may be exercised by the board of directors acting through the officers of the Association, without any further consent or action on the part of the Members. Each owner of any lot subject to a Homeowners' Declaration, by acceptance of a deed to or other conveyance of said lot, whether or not he, she or it is an User or has paid the Access Fee, whether or not said lot is improved with a dwelling or other structure and whether or not it then has access to the Sewer System or Water System, vests in the Association and the board of directors all rights and powers bestowed by this Declaration. Anything else contained in this Declaration to the contrary notwithstanding, if there are conflicts or inconsistencies between or among any two (2) or more laws of the State of Illinois, this Declaration, the By-Laws, or the Articles of Incorporation, the provisions of the laws of the State of Illinois, this Declaration, and the By-Laws, in that order, shall prevail, and each owner of any lot subject to a Homeowners' Declaration, by acceptance of a deed or other conveyance of said lot, covenants to vote in favor of such amendments as will remove such conflicts or inconsistencies. Such powers of the Association shall include, but shall not be limited to, the power to purchase one or more lots and/or dwellings and to hold, lease, mortgage, sell and convey the same. In performing its responsibilities hereunder, the Association, through its board of directors, shall have the authority to delegate to persons of its choice such duties of the Association as may be determined by such Board.

(b) Expenses. Normal or scheduled maintenance and repair to the Water System and the Sewer System and general administrative costs and expenses of the Association shall be common expenses of the Members, payable out of any funds of the Association, whether such funds are reserves, the proceeds of general or special assessments or borrowed funds. Work performed and costs and expenses incurred by the Association that are specifically or uniquely attributable to Residential Property under the jurisdiction of one or more, but less than all, of the Homeowners' Associations (other than normal or scheduled maintenance and repair) shall be paid exclusively from funds paid by Users within said portion or portions of the Residential Property. The Association's books of account, books and records shall reflect

the allocation of its reserve and other funds to each portion of the Residential Property. Without limiting any other provisions of this Declaration regarding assessments, the Association shall have the power to levy special assessments against any Member or the Users within any portion of the Residential Property for the purposes of replenishing reserve funds allocable thereto to an amount equivalent, on a ratable basis according to the number of Users therein, to reserves allocable to the other portions of the Residential Property. Without limiting the generality of the foregoing, (i) the Association shall not be responsible for the initial construction of any improvements to or expansion of the Water System or the Sewer System, which improvements and/or expansion shall be the sole and exclusive responsibility of the developer and/or owner of any property that is to become Additional Property and/or Thorngate and the Trustee; (ii) the Association shall not be responsible to pay for or to borrow funds to pay for any such maintenance, repair, reconstruction, expansion or improvement to any portion of the Water System or Sewer System (other than normal, scheduled maintenance and repairs) for any portion of the Water System that primarily or exclusively services Improved Lots and Users under the jurisdiction of a single Member, such costs and expenses to be paid for out of resource and/or general or special assessments paid by said Users and/or the owners of said Improved Lots; and (iii) the Association may delegate to any Member the responsibility to manage, supervise and perform any such maintenance, repair, reconstruction, expansion or improvement to any portion of the Water System or Sewer System (other than normal, scheduled maintenance and repairs) for any portion of the Water System that primarily or exclusively services Improved Lots and Users under the jurisdiction of a single Member.

(c) Agreements. All agreements and determinations lawfully made and/or authorized by the board of directors of the Association shall be binding upon all Members and upon their respective members and their heirs, legal representatives, successors, and assigns, and all others from time to time having an interest in the Residential Property or the privilege of possession and enjoyment of any part of the Residential Property. In furtherance of the foregoing and not in limitation thereof, the Association may obtain and pay for the services of any person or entity to manage its affairs or any part thereof, to the extent it deems advisable, whether such personnel are furnished or employed directly by the Association or by any person or entity with whom or with which it contracts. Subject to the provisions of subsection (b) above, all costs and expenses incident to the employment of a manager shall be a common expense of the Members. During the term of such a management agreement, such manager may, if authorized by the board of directors of the Association, exercise all of the powers and shall be responsible for the performance of all the duties of the Association, excepting any of

those powers or duties specifically and exclusively reserved to the directors, officers, or Members of the Association by this Declaration or the By-Laws. Such manager may be an individual, corporation or other legal entity, as the board of directors shall determine, and may be bonded in such a manner as the board of directors may require, with the cost of acquiring any such bond to be a common expense of the Members if not borne by the management contractor. In addition, the Association may pay for, and the board of directors may hire and contract for, such legal and accounting services as are necessary or desirable in connection with the operation of the Association or the enforcement of this Declaration, the By-Laws, or the rules and regulations of the Association.

(d) Personal Property and Real Property for Common Use. The Association, through action of its board of directors, may acquire and hold tangible and intangible personal property and real property and may dispose of the same by sale or otherwise. All funds received and title to all properties acquired by the Association and the proceeds thereof, after deducting therefrom the costs incurred by the Association in acquiring or selling the same, shall be held by and for the benefit of the Association; provided, however, that if said property was obtained through foreclosure of a lien against any portion of the Residential Property, said net proceeds shall be deemed to have been collected from the User whose lot was so foreclosed and, therefore, may be used for expenses other than common expenses of the members within that portion of the Residential Property in which said lot is situated. Each Member shall own from time to time an undivided fractional interest in all such property in a proportion equal to the percentage of votes eligible to be cast by such Member at a meeting of the Members. The undivided interests of the Members in the funds and assets of the Association cannot be individually assigned, hypothecated, or transferred in any manner.

(e) Rules and Regulations. The Association, through its board of directors, may make and enforce reasonable rules and regulations governing the use of the Water System and Sewer System, which rules and regulations shall be consistent with the rights and duties established by this Declaration.

(f) Indemnification. The Association shall indemnify and forever hold each and every officer and director of the Association free and harmless against any and all closing costs, losses, liabilities and expenses, including court costs and reasonable attorneys' fees, reasonably incurred by or imposed upon any officer or director in connection with any action, suit or other proceeding (including settlement of any suit or proceeding if approved by the board of directors of the Association) to which he or she may be made a party by reason of being or having been an

officer or director, except to the extent they arise out of his or her gross negligence or willful misconduct. The officers and directors shall not be liable for any mistake of judgment or negligence. The officers and directors shall have no personal liability with respect to any contract or other commitment made by them, in good faith, on behalf of the Association and the Association shall indemnify and forever hold each and every such officer and director free and harmless against any and all closing costs, losses, liabilities and expenses to others on account of any such contract or commitment. Any right to indemnification provided for herein, shall not be exclusive of any other rights to which any officer or director, or former officer or director, may be entitled. Unless the board of directors determines that the cost is prohibitive, the Association shall as a common expense of the Members maintain adequate general liability and officers' and directors' liability insurance to fund this obligation. This obligation shall be the personal obligation of the Members, enforceable against them by levy of assessments against the Users who are their respective members and such other legal remedies as may be available.

8. Payment For Use of Water System and Sewer System.

(a) Water System and Services. The Association shall enter into a water supply contract with Thorngate, and Thorngate covenants and agrees to enter into such a contract with the Association, or an alternative water supplier for providing potable water to the Residential Property. Among other things, said contract shall provide that monthly payments for use of the Water System shall be due not less than fifteen (15) days after payment therefor is due and payable from the Users to the Association. If such water contract is with Thorngate, it shall have a perpetual, or continuously renewing, term subject to termination by the Association upon one year's prior written notice to Thorngate. Master meters shall not be required to be installed and operated at the origin of the main water distribution line to each portion of the Residential Property, but Thorngate may, if it desires, install such meters at its sole cost and expense. Thorngate shall take all steps necessary to assure that any such meters shall accurately measure, in gallons and portions thereof, the water from the Water System used in each portion of the Residential Property. So long as water is supplied through the Water System, the rate or rates to be charged to the Association for water service shall equal 100% of the Village Rate. The Association shall individually meter (but shall not be obligated to install the meters) each dwelling and other improvements hooked up to the Water System and then charge the Users a fee for the water so supplied, which fee may include an amount in addition to the fee charged the Association by Thorngate sufficient to ensure the continuous operation of the portions of

the Water System owned by the Association and located within that portion of the Residential Community in which each such User is located and to maintain an adequate, but not excessive, reserve fund for the maintenance, repair, reconstruction, expansion and improvement of said respective portions of the Water System within the Residential Community and owned by the Association. The charges to Users within the same portion of the Residential Community for use of the Water System and establishment of reserves shall be determined on a consistent and equitable basis, as determined by the board of directors. Funds collected in excess of the amount charged to the Association by Thorngate or any other water supplier only may be used by the Association for common expenses of the Members or for expenditures that directly and exclusively benefit the portion of the Residential Community in which the Users who paid such funds to the Association reside or own lots. The Association shall maintain detailed and accurate records of the sources of all such funds collected and, on demand of any Member, shall provide to that Member an accounting of the funds so paid by its members. The cost of said accounting shall be a common expense of the Members. In no event, however, may the Association charge the Users a rate or rates in excess of 115% of the Village Rate. A statement of total water usage for each Improved Lot, as measured by the individual meters, shall be delivered monthly by the Association to Thorngate, or the alternative water supplier, if any. At the time of the monthly payment, Thorngate, or the alternative water supplier, may, without interfering with the use and enjoyment of any Improved Lot, read said individual meters as well and hereby is granted a non-exclusive easement for such purpose, the term of which shall run concurrently with the term of said water supply contract. Thorngate and the Trustee acknowledge and agree, for themselves and on behalf of their heirs, executors, successors and assigns, that the obligation to provide water service at 100% of the Village Rate constitutes a personal contractual undertaking of Thorngate and the Trustee as well as a covenant touching and concerning, running with and burdening the Golf Course Property and the Sewer System Property, which shall remain in full force and effect and be binding upon Thorngate, the Trustee and each and every owner of the Golf Course Property and/or the Sewer System Property and/or any portion of either of them regardless of whether or not the Water System and the ownership and operation thereof constitutes a public or private utility under applicable laws of the State of Illinois and whether or not the Water System and the ownership and/or operation thereof qualifies for any exemption from any of the laws of the State of Illinois applicable to the operation of public and/or private utilities.

(b) Sewer System and Services. The Association shall enter into a sewer collection and distribution contract with Thorngate or an alternative sewage contractor for providing waste water

collection, treatment and distribution services to the Residential Property. Among other things, said contract shall provide that monthly payments for use of the Sewer System shall be due not less than fifteen (15) days after payment therefor is due and payable from the Users to the Association. If such sewer collection and distribution contract is with Thorngate, it shall have a perpetual, or continuously renewing term subject to termination by the Association upon one year's prior written notice to Thorngate. On a monthly basis, Thorngate shall charge the Association a fee for the waste water collection, treatment and distribution services so provided, which fee shall be based on the amount of potable water used by the Residential Property and to each parcel of Additional property. The Association and Thorngate shall take all steps necessary to assure that such amount is measured in accordance with paragraph (a) of this Section 8. So long as Thorngate provides such waste water collection, treatment and distribution services to the Residential Property, the rate or rates to be charged to the Association for such service shall equal 100% of the rate or rates charged for similar waste water collection, treatment and distribution services provided by the Village to a comparable number of residential dwellings located within the legal boundaries of the Village (as adjusted from time to time, the "Village Sewer Rate"). The Association shall individually meter (but shall not be obligated to install the meters) each dwelling and other improvements hooked up to the Sewer System and then charge the Users a fee for the waste water collection, treatment and distribution services so supplied, which fee may include an amount in addition to the fee charged the Association by Thorngate sufficient to ensure the continuous operation of the Sewer System owned by the Association and located within that portion of the Residential Community in which each such User is located and to maintain an adequate, but not excessive, reserve fund for the maintenance, repair, reconstruction, expansion and improvement of said respective Sewer System. The charges to Users within the same portion of the Residential Community for use of the Sewer System and establishment of reserves shall be determined on a consistent and equitable basis, as determined by the board of directors. Funds collected in excess of the amount charged to the Association by Thorngate or any other sanitary sewer service supplier only may be used by the Association for common expenses of the Members or for expenditures that directly and exclusively benefit the portion of the Residential Community in which the Users who paid such funds to the Association reside or own lots. The Association shall maintain detailed and accurate records of the sources of all such funds collected and, on demand of any Member, shall provide to that Member an accounting of the funds so paid by its members. The cost of said accounting shall be a common expense of the Members. In no event, however, may the Association charge the Users as a rate or rates in excess of 115% the Village Sewer Rate.

Thorngate and the Trustee acknowledge and agree, for themselves and on behalf of their heirs, executors, successors and assigns, that the obligation to provide sewer service at equal to 100% of the Village Sewer Rate constitutes a personal contractual undertaking of Thorngate and the Trustee as well as a covenant touching and concerning, running with and burdening the Golf Course Property and the Sewer System Property, which shall remain in full force and effect and be binding upon Thorngate, the Trustee and each and every owner of the Golf Course Property and/or the Sewer System Property and/or any portion of either of them regardless of whether or not the Sewer System and the ownership and operation thereof constitutes a public or private utility under applicable laws of the State of Illinois and whether or not the Sewer System and the ownership and/or operation thereof qualifies for any exemption from any of the laws of the State of Illinois applicable to the operation of public and/or private utilities.

(c) Use of Funds. Without limiting any other restrictions on the use of funds of the Association contained in this Declaration, all revenue raised or collected by the Association for providing potable water or sanitary sewer services shall be expended only for maintenance, repair, reconstruction, expansion and improvement of the Water System and/or Sewer System as required for the benefit of the Members and no such revenue shall be utilized for recreational purposes, street repairs, unless necessitated by the maintenance, repair, reconstruction, expansion or improvement of the Sewer System and/or Water System, for other similar purposes which have no connection to the maintenance, repair, reconstruction, expansion or improvement of the Sewer System and/or Water System.

(d) Assessments. In addition to the monthly fees for usage of the Water System and the Sewer System, the Association shall have the right, power and authority to make any general or special assessments against the members of the Homeowners' Associations for purposes of maintaining an adequate water supply and distribution system and a waste water collection, treatment and dispersal system for the Residential Community in accordance with this Declaration; provided, however, that no general or special assessment the proceeds of which shall be used for the benefit of any particular portion of the Residential Community (a "Project Assessment"), shall be levied without the consent and approval of the members of the Homeowners' Association to be so benefitted in conformity with the applicable Homeowners' Declaration at a meeting of such members called for the specific purpose of determining the desirability and propriety of levying such general or special assessment; provided further, that no general or special assessment the proceeds of which shall be used for common expenses of the members (a "Common Assessment") shall be levied

without the consent and approval of a majority of votes eligible to be cast by the Members, who shall vote in conformity with the applicable Homeowners' Declaration at a meeting of the Members called for the specific purpose of determining the desirability and propriety of levying such general or special assessment. In the event that the Users with the right to consent to and approve a Project Assessment do not approve said Project Assessment, then, no such members shall be required to pay the assessment and the Association shall have no further responsibility for failure to perform the work that was to be performed with the proceeds of said Project Assessment. The Association has the right, power and authority to fix the time when monthly fees and general or special assessments shall be payable by the Users and said fees and assessments, including, without limitation, charges for actual usage of the Water System and/or the Sewer System, shall bear interest from the due date until paid at the rate of twelve percent (12%) per annum. Failure of any User to pay when due any such fees and assessments and interest thereon shall entitle the Association to place a lien on the real property owned by such member in accordance with the provisions of the applicable Homeowners' Declaration for the benefit of the Members, as if the Association were the applicable Homeowners' Association, which lien shall be enforceable in any court in Lake County, Illinois which has jurisdiction of suits for the enforcement of liens. In connection with the enforcement of such liens, the Association shall be deemed to have all rights granted to the applicable Homeowners' Association with respect to enforcement of liens. In addition to an equitable action to foreclose the lien as set forth above, the Association shall also have the right to institute an action at law against any such User to recover all or any part of a fee or general or special assessment levied by the Association and not paid to the Association.

(e) Members' Obligations to Pay Deficiencies. Without limiting any rights of the Association under the immediately preceding subsection (d), each Member shall be personally responsible to the Association for the payment of and shall, promptly upon demand from the Association pay, any past due amounts payable to the Association by any of its members for Common Assessments and upon doing so, shall be subrogated to the Association's rights with respect thereto.

(f) Access Fee. Providing that the initial Access Fee shall have been paid by the User to Thorngate or is not yet past due, the Association shall not levy against the owner of any lot within the Residential Community (including the owners or developers of any Additional Property which may become subject to the terms of this Declaration) any further charge for the connection of any lot to the Water System or Sewer System. In the event such Access Fee shall not have been paid to Thorngate, then as a condition

precedent to the access to the system by a User, the Association shall levy and collect the sum of \$12,000.00 per lot and upon collection immediately remit the same to Thorngate or its nominee. Simultaneously with the receipt of any Access Fee, Thorngate shall issue a receipt for said payment, enter said payment in a book of accounts that it shall maintain until five (5) years after the obligation to pay all of said fees is satisfied and shall, upon request by any lot owner, issue a letter for the benefit of title insurers, lenders and other appropriate parties confirming that said fee has been paid.

9. [INTENTIONALLY OMITTED]

10. Effluent to Thorngate. Subject to the required approvals of the Illinois Commerce Commission ("ICC") or IEPA, the Association shall be entitled to provide Thorngate, and Thorngate agrees to accept, without any fee in addition to the fee charged with respect to the provision of waste water collection, treatment and distribution to the Residential Property, effluent from the Sewer System in such quantity as is available Thorngate shall be entitled to use such effluent on the Golf Course Facility and other portions of the Ivanhoe Club P.U.D. outside of the boundaries of the Residential Community as it sees fit. Thorngate and its successors and assigns shall have the obligation to continue to accept all such effluent from Sewer System and Water System so long as it otherwise provides the Association with waste water collection, treatment and distribution services, which time may be alternatively stated as the date that the Residential Community has received separate sewage disposal services to replace the Sewer System.

11. Defaults and Remedies. It shall be a default by Thorngate under this Declaration (a "Default") if any one or more of the following shall occur: (i) Thorngate shall fail to perform any substantial and material obligation contained in this Declaration, which failure has not been cured within twenty-one (21) days after notice thereof from the Association or a series of such failures that, when taken together, constitute a failure to provide water and/or sewer services on a continuous basis in accordance with the standards established by this Declaration, (ii) a court of competent jurisdiction finds that Thorngate's operation of either the Sewer System or the Water System is not sufficient to provide reasonable water and sewage disposal services to the Residential Community, which final order remains in force in excess of thirty (30) days, (iii) Thorngate is adjudicated as bankrupt or insolvent, (iv) Thorngate seeks or consents to the appointment of a receiver, trustee or custodian for itself or a substantial part of its property, (v) Thorngate files a petition seeking relief under or files an answer admitting the material allegations of a petition filed against it under any

bankruptcy or similar laws of the United States or the State of Illinois, (vi) Thorngate makes a general assignment for the benefit of creditors, or (vii) an order is entered by a court of competent jurisdiction appointing a receiver, trustee or custodian of all or a substantial portion of the assets of Thorngate, or approving any petition filed against Thorngate seeking relief under the bankruptcy laws or other similar laws of the United States or the State of Illinois, and said order is deemed final and non-appealable and remains in force for a period of thirty (30) days.

If a Default shall occur, then the Association may do any one or more of the following:

(a) take over the operation of the Sewer System and Water System, including, without limitation, the operation, maintenance, management, repair and other use of all plant, property and/or equipment utilized in the operation of the Sewer System and the Water System. In order to enable the Association to exercise the rights set forth in this subsection (a), Thorngate hereby grants to the Association and its successors, heirs, executors and assigns, for and on behalf of itself and each succeeding owner of all or any portion of the Golf Course Property and the Sewer System Property, and their respective successors, heirs, executors and assigns, a nonexclusive and perpetual easement in, on, over, upon and beneath those portions of the Golf Course Property and the Sewer System Property on and in which any portion of the Sewer System and the Water System is now or hereafter located. Thorngate covenants and agrees further, for and on behalf of itself and each succeeding owner of all or any portion of the Golf Course Property and the Sewer System Property, and their respective successors, heirs, executors and assigns, to and hereby does indemnify, defend and hold harmless the Association of, from and against any and all costs, losses and expenses (including, without limitation, attorneys' fees) that the Association may incur in so operating the Water System and the Sewer System if and to the extent said costs, losses and expenses exceed those costs that the Association otherwise would have incurred as a consumer of sewer and water services under this Declaration. Said obligations with respect to indemnification shall cease to accrue when there is immediately available for hook up, to the Association, the Improved Lots and the Users, water and sewer services complying with all applicable legal requirements at a cost not greater than the rate or rates charged for similar water and sewer services by the Village to residential dwellings located outside the legal boundaries of the Village. Anything contained in this subparagraph (a) to the contrary notwithstanding, if said Default shall have continued for two (2) years, from and after the second anniversary of the occurrence of said Default, the amount of Thorngate's indemnification obligation shall be the amount of

any and all costs, losses and expenses (including, without limitation, attorneys' fees) that the Association may incur in so operating the Water System and the Sewer System if and to the extent said costs, losses and expenses exceed those costs that the Association and/or the Users would have incurred as a consumer of water and sewer services from the Village calculated according to the rates charged for similar water and sewer services by the Village to residential dwellings located outside the legal boundaries of the Village; and

(b) institute in any court of competent jurisdiction an appropriate legal proceeding to specifically enforce the obligations of Thorngate under this Declaration that form the basis of said Default. The judgment in any such action shall include an award to the prevailing party of all of its costs and expenses, including, without limitation, attorneys' fees, incurred in the successful prosecution or defense of such action.

If, at any time that a Default is continuing, an "Applicant" (as hereinafter defined) seeks to have its property or, in the case of a Member, all or any portion of the property subject to its jurisdiction, annexed to any incorporated municipality, Thorngate and the Trustee covenant and agree that they shall not contest such annexation and hereby irrevocably and unconditionally waive their right to do so. Thorngate and the Trustee shall, at the cost and expense of the Applicant, reasonably cooperate in any such proceeding or petition for annexation. Without limiting the generality of the foregoing, Thorngate and the Trustee covenant and agree that, if the annexation of all or any portion of the Golf Course Property and/or the Sewer System Property would render any portion of the Residential Property that an Applicant desires to so annex to be contiguous with any such incorporated municipality (and, therefore, facilitate such an annexation), they shall consent to and shall execute such petitions, documents and instruments as are necessary in connection with, the annexation of so much of the Golf Course Property and/or the Sewer System Property as is required to create such contiguity and facilitate such annexation. For the purposes of this paragraph, the term "Applicant" shall mean anyone or more Users and/or owners of Improved Lots within any parcel of Residential Property, or any Member, on behalf of such Users and/or owners of Improved Lots.

12. Restriction on Conveyance and Related Matters. Except to the extent required by the terms and conditions of a mortgage or trust deed previously recorded on the 13th day of July, 1990 as Document No. 2924577, running to the benefit of NBD Highland Park Bank, N.A., Thorngate and the Trust jointly and severally agree for themselves and on behalf of their respective heirs, executors, successors and assigns, if any, that neither of them shall further sell, transfer, convey, alienate, pledge, hypothecate, mortgage,

encumber or assign the title or any interest (beneficial or otherwise) in the South 1400 feet of the Sewer System Property or the equipment located thereon, without the prior written consent of the Association.

13. Captions and Headings. The captions and headings contained in this Declaration are for convenience only and shall be without substantive meaning or content of any kind whatsoever.

14. Preamble. The descriptions, terms, covenants and restrictions contained in the preamble to this Declaration are incorporated into and are an integral part of this Declaration and shall be given the same force and effect as if contained within the body of covenants hereof.

15. Exculpations.

(a) Trustee. This Declaration is executed by Capitol Bank of Chicago, not personally but solely as Trustee as aforesaid, in the exercise of the power and authority conferred upon and vested in it as such trustee, and it is expressly understood and agreed that nothing contained herein shall be construed as creating any liability on Capitol Bank personally or requiring Capitol Bank to perform any covenants either express or implied herein contained, all such liability, if any, being expressly waived, and that any recovery as a result of a breach in the terms of this Declaration shall be solely against and out of the property in the Trust.

(b) Red Top. As owner of the Residential Property, Red Top has executed this Declaration to evidence its consent to the terms thereof. Anything in the Declaration to the contrary notwithstanding, no personal liability or responsibility is assumed by Red Top on account of the Declaration or any representation, covenant, undertaking or warranty, either expressed or implied.

16. Subordination. NBD Highland Park Bank, N.A., which is the owner and holder of a certain mortgage, dated July 3, 1990 and recorded July 13, 1990 and recorded in the Recorder's Office as Document No. 2924577 (the "Mortgage") and certain other documents and instruments evidencing and securing obligations from Thorngate and the Trustee to it by consenting to the execution and recordation of this Declaration agrees that the Mortgage and any other documents and instruments evidencing and/or securing said debt are subject and subordinate to the provisions of this Declaration.

17. General Provisions.

(a) Duration. The provisions of this Declaration shall run with and bind title to the Property, shall be binding upon and inure to the benefit of all owners and mortgagees thereof and their respective heirs, executors, legal representatives, successors, and assigns, and shall be and remain in effect for a period of fifty (50) years from and after the date of the recording of this Declaration, provided that rights and easements which are stated herein to have a longer duration shall have such longer duration. Upon the expiration of said fifty (50)-year period, this Declaration shall be automatically renewed for successive ten (10)-year periods. The number of ten (10)-year renewal periods shall be unlimited, with this Declaration being automatically renewed and extended upon the expiration of each ten (10)-year renewal period for an additional ten (10)-year period; provided, however, that there shall be no renewal or extension of this Declaration, if, during the last year of the initial fifty (50)-year period or the last year of any ten (10)-year renewal period, seventy-five percent (75%) of the total votes of the Association are cast in favor of terminating this Declaration at the end of the then current term. In the event that the Association votes to terminate this Declaration, an instrument evidencing such termination shall be duly filed, such instrument to contain a certificate wherein the President of the Association swears that such termination was duly adopted by the requisite number of votes. Every purchaser or grantee of any interest in any Property, by acceptance of a deed or other conveyance therefor, thereby agrees that the provisions of this Declaration shall run with and bind title to the Property as provided hereby. Reference in the respective deeds of conveyance or in any mortgage or trust deed or other evidence of obligation or transfer, to the covenants, conditions, restrictions, easements, rights, benefits and privileges of every character contained herein, shall be deemed and taken to be appurtenant to and covenants running with such property, and shall be binding upon any such grantee, mortgagee or trustee and their successors and assigns as fully and completely as though the provisions of this Declaration were fully recited and set forth in their entirety in such documents.

(b) Perpetuities. If any of the covenants, conditions, restrictions, or other provisions of this Declaration shall be unlawful, void, or voidable for violation of the rule against perpetuities, then such provisions shall continue only until twenty-one (21) years after the death of the last survivor of the now living descendants of Stephen J. Schostok, Esq.

(c) Interpretation. In all cases, the provisions set forth or provided for in this Declaration shall be construed together and given that interpretation or construction which, in the

opinion of the Board of Directors of the Association will best effect the intent of the general plan of development. The provisions hereof shall be liberally interpreted and, if necessary, they shall be so extended or enlarged by implication as to make them fully effective. The provisions of this Declaration shall be given full force and effect notwithstanding the existence of any zoning ordinance, building codes or other regulations which are less restrictive. The effective date of this Declaration shall be the date of its filing for record. The captions of each Article and Section hereof as to the contents of each Article and Section are inserted only for convenience and are in no way to be construed as defining, limiting, extending, or otherwise modifying or adding to the particular Article or Section to which they refer. This Declaration shall be construed under and in accordance with the laws of the State of Illinois. Any reference in this Declaration to a "parcel" of Residential Property shall mean all property subject to an individual Homeowners' Declaration.

(d) Gender and Grammar. The singular wherever used herein shall be construed to mean the plural when applicable, and the necessary grammatical changes required to make the provisions hereof apply either to corporations or other entities or to individuals, men or women, shall in all cases be assumed as though in each case fully expressed.

(e) Severability. Whenever possible, each provision of this Declaration shall be interpreted in such manner as to be effective and valid, but if the application of any provision of this Declaration to any person or to any property shall be prohibited or held invalid, such prohibition or invalidity shall not affect any other provision or the application of any provision which can be given effect without the invalid provision or application, and to this end the provisions of this Declaration are declared to be severable.

(f) Rights of Third Parties. This Declaration shall be recorded for the benefit of Thorngate, the Trustee, the Members, Users and their Mortgages as herein provided, and by such recording, no adjoining property owner or third party shall have any right, title or interest whatsoever in the Property except as provided herein, or in the operation or continuation thereof or in the enforcement of any of the provisions hereof, and, subject to the rights herein provided, the Members shall have the right to extend, modify, amend, or otherwise change the provisions of this Declaration without the consent, permission, or approval of any adjoining owner or third party.

(g) Notice of Sale, Lease, or Mortgage. In the event User sells, leases, mortgages, or otherwise disposes of any Improved Lot, the User must promptly furnish to the Association in writing the name and address of such purchaser, lessee, mortgagee, or transferee.

(h) Notices. Notices required hereunder shall be in writing and shall be delivered by United States Mail, postage prepaid. Notice shall be sent to Users at the addresses set forth in the records of the Association. Notices to mortgagees shall be delivered or sent to such addresses as such mortgagees specify in writing to the Association. All notices are deemed delivered when delivered by hand or when deposited in the United States Mail.

IN WITNESS WHEREOF, the parties have executed this Declaration as of the day and year first written above.

TRUSTEE:

This instrument is executed by CAPITOL BANK AND TRUST OF CHICAGO, not personally but solely as Trustee, as afore-
said. All the covenants and conditions to be performed here-
under by CAPITOL BANK AND TRUST OF CHICAGO are Trust No. 1250
indemnified by it to the Trustee, as aforesaid, and not in-
dividually, and no personal liability shall be asserted or be en-
forced against CAPITOL BANK AND TRUST OF CHICAGO by:
any reason or any of the covenants, statements, representa-
tions or warranties contained in this instrument.

Its:

John E. Dunbar
Senior Vice President

Attest:

By:

Sharon K. Cieslinski
Its: Assistant Trust Officer

RED TOP DEVELOPMENT CORPORATION

By:

Its:

Engelmann, Jan
President

Attest:

By:

Its:

[Signature]
Assistant Secretary

THORNGATE COUNTRY CLUB, an Illinois
not-for-profit corporation.

By: 

Its: 

Attest:

By: 

Its: 

BROOK RIDGE DEVELOPMENT, INC.

By: 

Its: 

Attest:

By: _____

Its: _____

CONSENT OF MORTGAGEE

NBD Highland Park Bank, N.A., an Illinois corporation, as Trustee under a Trust Deed on a portion of the Property, dated July 3, 1990 and recorded July 13, 1990, in the Office of the Recorder of Deeds of Lake County, Illinois as Document Number 2924577, as amended by Amendment to Trust Deed, dated , 19 and recorded , 19 in the Office of the Recorder of Deeds of Lake County, Illinois as Document No. , hereby consents to the execution and recording of the within Declaration of Covenants, Conditions and Restrictions for Ivanhoe Club Mutual Water and Sewer System and agrees that said Deed of Trust, as amended is subject to the provisions thereof.

IN WITNESS WHEREOF, NBD Highland Park Bank, N.A. has caused this instrument to be signed by its duly authorized officers on its behalf, all done at Chicago, Illinois on this 21 day of December, 1990.

NBD HIGHLAND PARK BANK, N.A.

By: *[Signature]*

Its: *Vice President*

Attest:

By: _____

Its: _____

STATE OF ILLINOIS)
)
COUNTY OF COOK) SS.

I, the undersigned, a Notary Public, in and for the County and State aforesaid, DO HEREBY CERTIFY, that CHEN, LEVISON Vice President of NBD Highland Park Bank, N.A., an Illinois corporation and _____ Secretary of said Company, personally known to me to be the same persons whose names are subscribed to the foregoing instrument as such _____ President and _____ Secretary, respectively, appeared before me this day in person and severally acknowledged that they signed and delivered the said instrument as their own free and voluntary act and as the free and voluntary act of said Company, for the uses and purposes therein set forth; and the said _____ Secretary, as custodian of the corporation seal of said Company caused the corporate seal to be affixed to said instrument, as said _____ Secretary's own free and voluntary act, and as the free and voluntary act of said Company, for the uses and purposes therein set forth.

Given under my hand and Notarial Seal, this 21 day of DEC, 1980

[Signature]
Notary Public
My Commission expires: _____



STATE OF ILLINOIS)
)
COUNTY OF LAKE) SS.

I, the undersigned, a Notary Public, in and for the County and State aforesaid, DO HEREBY CERTIFY, that EUGENE W LYONS personally known to me to be the President of Red Top Development Corporation and Jerry C. Lagerquist, personally known to me to be the Assistant Secretary of said corporation, and personally known to me to be the same persons whose names are subscribed to the foregoing instrument, appeared before me this day in person and severally acknowledged that as such President and Assistant Secretary, they signed and delivered the said pursuant to authority given by the Board of Directors of said corporation as their free and voluntary act, and as the free and voluntary act and deed of said corporation, for the uses and purposes therein set forth.

Given under my hand and official seal, this 21
day of December, 1998.

"OFFICIAL SEAL"
Darlene Bellis
Notary Public, State of Illinois
My Commission Expires 9/25/99

Harlene Lillis
Notary Public

My Commission expires 9/25/94

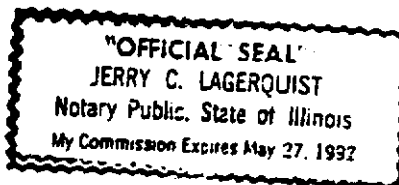
COUNTY OF C O O K)

Secretary, they signed and delivered the said pursuant to authority given by the Board of Directors of said corporation as their free and voluntary act, and as the free and voluntary act and deed of said corporation, for the uses and purposes therein set forth.

Delaware, 1990.

Notary Public

~~My~~ Commission

Expires _____

SCHEDULE OF EXHIBITS

EXHIBIT A	Legal Description of Golf Course Property
EXHIBIT B	Legal Description of Sewer System Property
EXHIBIT C	Legal Description of Residential Property

PARCEL B

THAT PART OF THE SOUTHWEST 1/4 OF SECTION 15, AND THAT PART OF THE NORTHWEST 1/4, AND THAT PART OF THE SOUTHWEST 1/4 OF SECTION 22, TOWNSHIP 44 NORTH, RANGE 10, EAST OF THE THIRD PRINCIPAL MERIDIAN, AND BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS: COMMENCING AT THE SOUTHWEST CORNER OF THE NORTHWEST 1/4 OF SAID SECTION 22, THENCE SOUTH 89°-57'-29" EAST, ALONG THE NORTH LINE OF THE SOUTHWEST 1/4 OF SAID SECTION 22, 395.50 FEET; THENCE SOUTH 00°-04'-41" EAST, 1087.38 FEET, TO A POINT ON THE NORTHERLY RIGHT-OF-WAY LINE OF ILLINOIS STATE ROUTE 176, AS RECORDED PER DOCUMENT NO. 337656, DATED JANUARY 1929, THENCE NORTH 82°-34'-19" EAST, 438.10 FEET; THENCE NORTH 00°-26'-15" EAST, 170.26 FEET; THENCE NORTH 37°-01'-49" WEST, 188.21 FEET; THENCE NORTH 01°-25'-07" EAST, 661.43 FEET; THENCE NORTH 48°-59'-52" WEST, 281.01 FEET; THENCE NORTH 46°-03'-39" EAST, 350.19 FEET; THENCE NORTH 18°-59'-48" WEST, 717.76 FEET; THENCE NORTH 18°-00'-14" EAST, 545.00 FEET; THENCE SOUTH 41°-17'-56" EAST, 741.26 FEET; THENCE SOUTH 55°-12'-45" EAST, 390.49 FEET; THENCE NORTH 72°-29'-54" EAST, 117.35 FEET; THENCE NORTHEASTERLY 118.30 FEET, ALONG AN ARC OF A CIRCLE WHOSE RADIUS IS 270.00 FEET, AND WHOSE CHORD BEARS NORTH 59°-56'-46" EAST; THENCE NORTH 47°-23'-38" EAST, 168.54 FEET; THENCE SOUTH 42°-36'-22" EAST, 153.87 FEET; THENCE SOUTHEASTERLY 10.47 FEET (C10), ALONG AN ARC OF A CIRCLE, WHOSE RADIUS IS 70.00 FEET, AND WHOSE CHORD BEARS SOUTH 46°-53'-30" EAST; THENCE SOUTH 51°-10'-38" EAST, 135.93 FEET; THENCE NORTH 39°-21'-01" EAST, 218.72 FEET; THENCE SOUTH 00°-20'-50" WEST, 581.40 FEET; THENCE SOUTH 19°-58'-52" EAST, 197.60 FEET; THENCE SOUTH 05°-31'-53" EAST, 492.33 FEET, TO A POINT ON THE NORTHERLY RIGHT-OF-WAY LINE OF ILLINOIS STATE ROUTE 176; THENCE NORTHEASTERLY 395.17 FEET, ALONG AN ARC OF A CIRCLE WHOSE RADIUS IS 2905.00 FEET, AND WHOSE CHORD BEARS NORTH 73°-35'-05" EAST, SAID COURSE BEING ALONG SAID RIGHT-OF-WAY LINE, TO A POINT OF INTERSECTION WITH THE EAST LINE OF THE SOUTHWEST 1/4 OF SAID SECTION 22; THENCE NORTH 00°-04'-08" EAST, 19.00 FEET, ALONG SAID LINE, TO THE CENTER OF SAID SECTION 22, THENCE NORTH 00°-04'-08" EAST ALONG THE EAST LINE OF THE NORTHWEST 1/4 OF SAID SECTION 22, 2639.28 FEET; THENCE NORTH 85°-59'-37" WEST, ALONG THE NORTH LINE OF THE NORTHWEST 1/4 OF SAID SECTION 22, 191.66 FEET; THENCE NORTH 00°-22'-02" WEST, 1210.91 FEET, TO A POINT ON THE CENTERLINE OF ILLINOIS STATE ROUTE 60 (59A); THENCE NORTH 51°-28'-15" WEST, ALONG SAID CENTERLINE, 499.03 FEET; THENCE SOUTH 83°-13'-04" WEST, 335.76 FEET, TO A POINT ON THE SOUTH LINE OF THE NORTHEAST 1/4 OF THE SOUTHWEST 1/4 OF SAID SECTION 15, THENCE SOUTH 89°-57'-34" WEST, 477.22 FEET, TO A POINT

ON THE WEST LINE OF THE SOUTHEAST 1/4 OF THE SOUTHWEST 1/4 OF SAID SECTION 15; THENCE SOUTH 00°-13'-02" EAST, 1321.43 FEET, TO A POINT ON THE NORTH LINE OF THE NORTHWEST 1/4 OF SAID SECTION 22; THENCE NORTH 29°-38'-35" WEST, 1294.14 FEET, TO A POINT ON SAID NORTH LINE, 42.40 FEET EAST OF THE NORTHWEST CORNER OF THE NORTHWEST 1/4 OF SAID SECTION 22; THENCE SOUTH 44°-59'-26" WEST, 59.94 FEET, TO A POINT ON THE WEST LINE OF THE NORTHWEST 1/4 OF SAID SECTION 22, SAID POINT BEING 42.41 FEET SOUTH OF THE NORTHWEST CORNER OF THE NORTHWEST 1/4 OF SAID SECTION 22; THENCE SOUTH 00°-01'-44" EAST, 2596.03 FEET, MORE OR LESS, ALONG SAID WEST LINE, TO THE SOUTHWEST CORNER OF THE NORTHWEST 1/4 OF SAID SECTION 22, ALL IN LAKE COUNTY, ILLINOIS.

PARCEL C.

THAT PART OF THE WEST 1/2 OF SECTION 22, TOWNSHIP 44 NORTH, RANGE 10, EAST OF THE THIRD PRINCIPAL MERIDIAN, AND BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS: COMMENCING AT THE CENTER OF SAID SECTION 22; THENCE NORTH 88°-57'-29" WEST, ALONG THE NORTH LINE OF THE SOUTHWEST 1/4 OF SAID SECTION 22, 922.42 FEET, TO THE TRUE POINT OF BEGINNING; THENCE NORTH 15°-13'-29" WEST, 234.72 FEET; THENCE NORTH 06°-32'-29" EAST, 409.55 FEET; THENCE NORTH 01°-44'-21" WEST, 50.00 FEET; THENCE NORTH 49°-14'-47" EAST, 357.62 FEET; THENCE NORTH 51°-10'-38" WEST, 124.35 FEET; THENCE NORTHWESTERLY (C10) 19.45 FEET, ALONG AN ARC OF A CIRCLE WHOSE RADIUS IS 130.00 FEET, AND WHOSE CHORD BEARS NORTH 46°-53'-30" WEST; THENCE NORTH 42°-36'-22" WEST, 95.32 FEET; THENCE SOUTH 47°-23'-38" WEST, 108.54 FEET; THENCE SOUTHWESTERLY 144.59 FEET, ALONG AN ARC OF A CIRCLE WHOSE RADIUS IS 330.00 FEET, AND WHOSE CHORD BEARS SOUTH 59°-36'-46" WEST; THENCE SOUTH 72°-29'-54" WEST, 183.14 FEET; THENCE SOUTH 09°-49'-02" WEST, 578.66 FEET; THENCE SOUTH 08°-03'-14" EAST, 259.11 FEET; THENCE SOUTH 18°-16'-08" EAST, 298.21 FEET; THENCE SOUTH 68°-49'-12" WEST, 567.66 FEET; THENCE SOUTH 04°-24'-21" WEST, 65.16 FEET; THENCE SOUTH 18°-25'-37" EAST, 250.00 FEET, TO A POINT ON THE NORTHERLY RIGHT-OF-WAY LINE OF ILLINOIS STATE ROUTE 176, AS RECORDED PER DOCUMENT NO. 337656, DATED JANUARY 1929; THENCE NORTH 82°-34'-18" EAST, ALONG SAID NORTHERLY RIGHT-OF-WAY LINE, 526.99 FEET; THENCE NORTH 56°-51'-41" EAST, ALONG SAID NORTHERLY RIGHT-OF-WAY LINE, 100.50 FEET; THENCE NORTH 82°-34'-18" EAST, ALONG SAID NORTHERLY RIGHT-OF-WAY LINE, 200.00 FEET; THENCE NORTH 68°-16'-57" EAST, ALONG SAID NORTHERLY RIGHT-OF-WAY LINE, 47.25 FEET; THENCE NORTH 15°-38'-25" WEST, 350.58 FEET, MORE OR LESS, TO THE POINT OF BEGINNING, ALL IN LAKE COUNTY, ILLINOIS.

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EXHIBIT D

PARCEL D

THE EAST 250.00 FEET OF THE WEST 976.20 FEET OF THAT PART OF THE SOUTHWEST 1/4 OF SECTION 22, TOWNSHIP 44 NORTH, RANGE 10, EAST OF THE THIRD PRINCIPAL MERIDIAN, LYING SOUTH OF THE SOUTHERLY RIGHT-OF-WAY LINE OF ILLINOIS STATE ROUTE 176, AS RECORDED PER DOCUMENT NO. 337656, JANUARY 1929, ALL IN LAKE COUNTY, ILLINOIS.

STATE OF ILLINOIS)
) 58
COUNTY OF COOK)

This is to certify that Wayne LeBlang and Stephen J. Schostok, personally known to me to be the President and Assistant Secretary, respectively, of Thorngate Country Club, Inc., an Illinois not-for-profit corporation, and personally known to me to be the same persons whose names are subscribed to the foregoing instrument, appeared before me this day in person and severally acknowledged that as such President and Assistant Secretary they signed and delivered the said instrument and expressly acknowledged to me the execution of the foregoing document as their free and voluntary act, and as the free and voluntary act and deed of said corporation.

Dated this 21st day of December, 1990.

Michele Morris-Scholick
Notary Public

My Commission expires on: October 2, 1991



**Consumers Illinois Water Company (CIWC)
Ivanhoe Water and Sewer
Net Original Cost Calculation**

Water System

Line No.	Description (A)	Per Staff ICC Staff Exh 3.0 Schedule 7 (B)	Difference (C)	Per Company (D)	
1	Utility Plant in Service	483,940	1,141,047	1,624,987	(1)
2	Less: Accumulated Depreciation		-256,504	-256,504	(1)
3					
4	Net Utility Plant in Service	483,940	884,543	1,368,483	(1)
5					
6	Deduct:				
7	Contributions In Aid of Construction	483,840	0	483,840	(2)
8					
9	Original Cost Plant:	100	884,543	884,643	

Sewer System

Line No.	Description (A)	Per Staff ICC Staff Exh 3.0 Schedule 7 (B)	Difference (C)	Per Company (D)	
20	Utility Plant in Service	2,277,925	596,160 (3)	2,874,085	
21	Less: Accumulated Depreciation	1,179,310	0	1,179,310	
22					
23	Net Utility Plant in Service	1,098,615	596,160	1,694,775	
24					
25	Deduct:				
26	Contributions In Aid of Construction	596,160	0	596,160	
27					
28	Original Cost Plant:	502,455	596,160	1,098,615	

Source:

- (1): CIWC Exhibit H Page 1 of 2
- (2): ICC Staff Exhibit 3.0 Schedule 7 Line 7
- (3): ICC Staff Exhibit 3.0 Schedule 7 Line 25